RV BUSINESS

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FEBRUARY 4, 1991

RVDA Proposes Model Dealer-Mfgr. Laws

After getting the nod from its Board of Directors, RVDA announced the association has approved a Model Franchise Agreement and a Model State Statute on dealer-manufacturer relationships.

According to Bob Strawn, executive vice president of RVDA, the two initiatives seek to address longtime "burning issues" in the industry that must be resolved if RV dealers and manufacturers are to take advantage of expected RV market growth in the next decade. "While these measures seek to resolve the problems, however," Strawn emphasized, "we want to make it clear that in adopting the proposals RVDA remains committed to resolving these issues in a manner that both parties – dealers and manufacturers – will find equitable."

Under the model franchise agreement as drafted by the association, dealers and manufacturers will be offered a contractual means for resolving differences. Specifically, the agreement defines proper action on such matters as territory protection, cancellation, alteration, change of dealership and coercion. It also sets guidelines for the notification of dealer termination, repurchase of inventories or other items, warranty obligations, arbitration agreements, damages and injunctive relief, temporary injunctions and succession upon death.

While the model legislation approved by the RVDA board deals with the same basic issues as the franchise agreement, the initial reaction from at least one member of the manufacturing community is that the legislation is "much more ominous" and "appears to blatantly favor dealers' interests." There also is concern among manufacturers that some dealers may be ready to move ahead immediately with efforts to get the model legislative measure adopted in their state, without first making an effort to negotiate some elements with the manufacturer or manufacturers they represent.

Addressing that concern, Wayne Mertes, president of National RV, Perris, Calif., notes, "The RVDA has always been a very responsible organization and I would agree that there is probably room for improvement on both sides. However,

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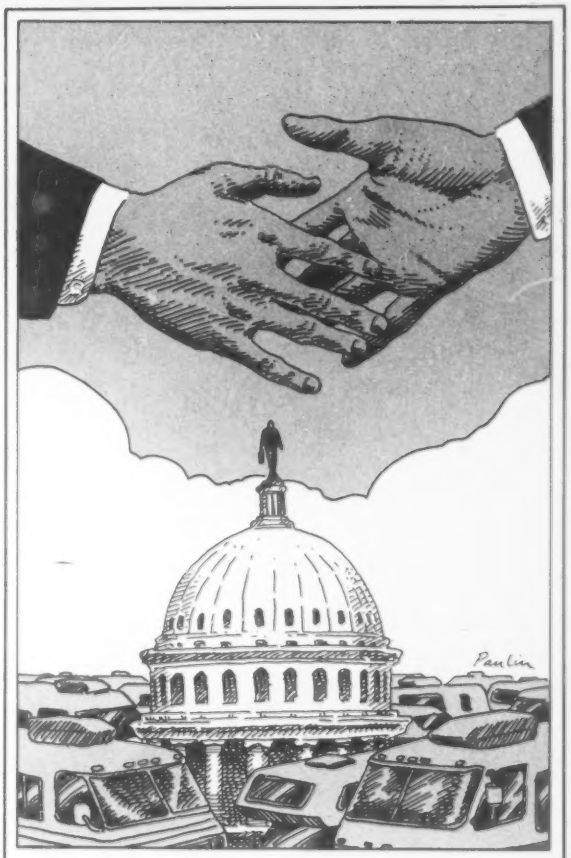

FRANCHISE LEGISLATION: In proposing the model agreements, RVDA's resolution has a goal of equitably addressing issues which range from the repurchase of inventory to territory protection.

Fleetwood to Enforce Patents

Imitation may be the sincerest form of flattery in many endeavors. But not in the RV business, say executives of Fleetwood Enterprises Inc., the RV industry's market-share leader in both towable and motorized products. So many companies have been following Fleetwood's lead in product development in recent years, they contend, that the Riverside, Calif., firm has begun taking a more aggressive stance toward

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Personal experience leads an RV-industry heart-attack victim to offer a positive watchword to his peers. Warning signs, precautionary measures and beneficial lifestyle changes are included.

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Billed as an "island in the desert," the Tropicana Hotel in Las Vegas, Nev., is the setting of Coast Distribution System's 1991 Dealer Advantage Buying Show. This show guide provides a complete calendar and description of special events as well as a show floorplan.

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SALES UP, THOUGH PROFITS SLIP

GAYLORD MAXWELL

Somewhat surprisingly, November RV sales reported by RVB's Dealer Advisory Board (DAB) weren't all that bad. Especially encouraging was the fact that what appeared to be a sharp downturn in October leveled out considerably. Although dealers generally found the going tough, disaster was certainly not imminent.

As we often discover, there's bad news along with the relatively good news. Sales for the month weren't too far behind those of last year, but profits were poor.

Sales volume for the DAB as a group was up from the previous November. Forty percent of the DAB reports topped last year's mark. One RV type was actually up in new-unit sales and three used categories were in the plus column. The total number of units sold during the month was only slightly smaller than last year's figure.

Although dollars and units figures weren't bad, profits were. In fact, November's report showed the poorest ratings for bottom lines that we can recall ever having seen. Most dealers were willing to take deals that they ordinarily would not have, in order to lower their inventories. One DAB member who took in far more dollars than he did in November 1989 reported that some of his deals were losers, but he felt he had to cut flooring expenses.

According to our members, the service-and-accessory business was quite poor in November—not an unusual condition for that month, however.

About half of our DAB members rated their inventories high. Both lot traffic and the percentage of new buyers were down.

Year-to-date, the picture, although far from bright, was not too grim. Dealers took in fewer dollars and delivered fewer units than they did during the same period in 1989, but the declines were modest. The fact is that three RV types were up in new-unit sales (all towables) and three were up in used sales.

Motorhomes

After the severe drubbing our DAB motorhome dealers took in October, November's slight decline was good news. Although profits were generally on the weak side, it was heartening to find that there were buyers. However, the picture presented by our DAB is somewhat distorted by the fact that one large member had spectacular sales of factory discount merchandise. Sales of used units picked up, as well.

Profits were generally weak. Over half of the DAB members who sell motorized RVs rated November profits poor or fair.

Year-to-date, new units were down the most for any RV type. However, used sales were almost identical with those of the comparable period of 1989.

DAB reports showed it was a buyer's market for motorhomes, and this isn't likely to change for awhile.

Travel Trailers

The travel trailer sales decline for November was less than it was in October, but it was obvious that the good start this RV type got early in the year had fallen flat. And, as with motorhomes, the total drop was softened only by doubled sales by one large dealer's discount buying and selling. Actually 16 of the 18 DAB members who sell this type were down from November 1989 in both new- and used-unit sales. Profits were down, too, with most members reporting fair or poor.

Year-to-date, the figures still looked good. The early months of 1990 saw an upsurge in sales that was still keeping the category in the plus column, but declining. Unfortunately, there's no reason to believe a change is in the near future.

Truck Campers

As with motorhomes and travel trailers, sales of new units were down, but not nearly as drastically as in October 1990. One strong camper dealer member of our board managed to top their November 1989 sales. Used sales were off by only one unit. Profits were generally rated poor.

Year-to-date, the new-unit figures were still in the minus column. However, used units have done very well overall.

Change is not likely.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1990	NOV. 1989	% CHANGE	1990	1989	% CHANGE	NOV. 1990	NOV. 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	79	85	– 7	1,137	1,437	– 21	85	79	+ 8	1,340	1,357	– 1
TRAVEL TRAILERS	54	61	– 11	1,186	1,082	+ 10	45	58	– 22	1,032	1,034	< – 1
TRUCK CAMPERS	13	15	– 13	279	328	– 15	7	8	– 13	184	151	+ 22
CAMPING TRAILERS	7	14	– 50	905	891	+ 2	7	4	+ 75	297	313	– 5
FIFTH-WHEELS	38	27	+ 48	517	450	+ 15	25	19	+ 32	305	296	+ 3

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1990	NOV. 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$9,590,000	$9,107,000	+ 5	$131,945,000	$141,711,000	– 7
TOTAL UNIT SALES	360	370	– 3	7,182	7,339	– 2
NEW-UNIT SALES	191	202	– 5	4,024	4,188	– 4
USED-UNIT SALES	169	168	< + 1	3,158	3,151	< + 1

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Miller,** Fayetteville, N.C.; **Steve Moran,** Warwick, R.I.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB *continued*

Folding Camping Trailers

Normally, the folding-trailer business goes to pot in November. The past November was extra normal. New-unit sales were only half what they were in November of 1989, but the numbers were so low that they aren't significant. Ditto used units.

Year-to-date, the picture was still positive—up a few units from last year. Even used sales were lagging only slightly.

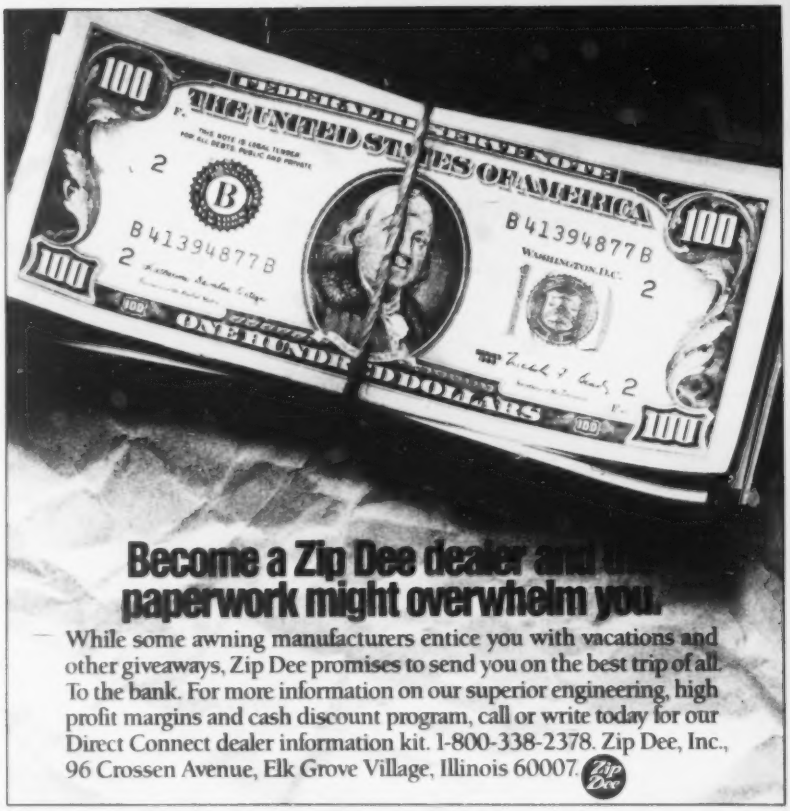
Most of the business in fold-downs is done by relatively few dealers who are strongly oriented and dedicated to that RV type. They work extra hard at selling their product.

Fifth-Wheels

Fivers were the very clear winner among the RV types in 1990. November saw a continuation of the upward trend. Only two of the 15 DAB members who stock them reported being down for the month. Although profits were rated the poorest they have been all year, they were still higher than any other category.

Year-to-date, both new- and used-unit totals were still ahead of last year — the only category to score that well.

Whatever the reason, it appeared that fifth-wheels were on a roll. Δ



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